

INFORMATION REPORT

COUNTRY Argentina

DATE DISR. 22 January 1968

SUBJECT Air-Mail Bulletin, First National Bank of Boston

NO. OF PAGES 1

PLACE ACQUIRED

REFERENCE CENTER LIBRARY

DATE ACQUIRED 200 Below

25X1X

SUPPLEMENT NO. REPORT NO.

On file with CIA are four copies of The Situation in Argentina, dated 29 Dec 47, an air-mail bulletin from Buenos Aires, printed and forwarded from Boston by the First National Bank of Boston.

-end-

CLASSIFICATION				DISTRIBUTION			
STATE	COUNTRY	AREA	NRG	STATE	COUNTRY	AREA	NRG

Approved For Release 2002/07/29 : CIA-RDP80-00926A000200010007-3
(Air-mail bulletin from Buenos Aires, printed and forwarded from Boston)

THE FIRST NATIONAL BANK of BOSTON

BUENOS AIRES BRANCH

REFERENCE CENTER LIBRARY

THE SITUATION in ARGENTINA

Buenos Aires, December 29, 1947

THE very important negotiations between the British Commercial Mission now here and the National Economic Council, are perhaps best described as in a continuing stage, general opinion being that the outcome is still conjectural. As regards purchase of the British railways the impression prevails that **General Conditions.** Congressional approval will be requested although the agreement called for approval only by I.A.P.I. (Ar-

gentine Trade Promotion Institute) in representation of the Government. The National Department of Investigations, Statistics & Census, after being reorganized last year, again publishes statistics which formerly appeared monthly, and each month adds further information. The new bulletin, started in January this year, has gradually grown to 72 pages in the August issue, the latest at hand. The following interesting index figures are given on industrial labor, using 1943 as a base of 100:

	1943	1944	1945	1946	July 1947
Number of employees	100	104.0	105.1	108.6	118.7
Man-hours worked	100	103.4	99.1	99.8	112.2
Total wages paid	100	112.7	124.6	160.6	227.0

The increased means of payment shown in the foregoing table, together with augmented currency circulation, loans and bank clearings, reflected in the statistics printed on page 3 of this bulletin, combined with keen demand and limited supplies in many lines have naturally brought about a rise in the cost of living. For several years we have calculated living costs in the City of Buenos Aires, with 1939 as an index of 100. For the purpose we use an imaginary family of four, with two children under 10 and a monthly income of 500 pesos. About 120 items are used, not including education or entertainment. These estimates, made in Jan-

uary and July of each year, are shown below:

January 1944	120.2
July 1944	126.4
January 1945	129.8
July 1945	140.2
January 1946	151.1
July 1946	163.4
January 1947	174.9
July 1947	197.7

The increase in living costs is greater, of course, for the higher income groups because of heavier taxes resulting from increased Government expenditure and the rise in the debt of the

OUR HEAD OFFICE, BOSTON

The First National Bank of Boston
67 Milk Street

OUR NEW YORK AFFILIATE

First of Boston International Corporation
2 Wall Street

Application may be made to either of the above institutions or direct to this Branch for information regarding Argentina. Full facilities are available for the handling of international banking transactions such as Letters of Credit, Travellers Checks, Collections, Securities and Credit Information.

Approved For Release 2002/07/29 : CIA-RDP80-00926A000200010007-3

National Government from m\$n * 6,597,000,000 at the end of 1942 to m\$n 10,772,000,000 as of December 31, 1946. The larger debt in turn includes Government subsidies in foodstuffs, such as sugar and bread, which are not directly reflected in cost of living figures. Furthermore, many persons dependent on unearned income have also been adversely affected by rent control and by the lower return from Government bonds. In September there was an import balance in Argentina's foreign trade of m\$n 112 millions leaving an export surplus of m\$n 88. millions for the first 9 months as against m\$n 1.116 millions export balance for the similar period of 1946.

Moderate rains this month have benefitted germination of the corn and sunflower crops, sowing of which is about completed throughout the country. Harvesting of wheat, linseed, barley, rye and birdseed is well under way. As yet no official estimates have been made of the new crops. Wheat yields generally are reported to be good and in spite of an 18 % drop in area sown, the crop is expected to equal or surpass last year's of 5,615,000 tons **; trade estimates of production vary from 5,600,000 to 7,000,000 tons. Linseed prospects are poor and the trade calculates production at around 650,000 tons compared with an average output of 900,000 tons during the last three years, and much more before the war. The locust menace appears to have been kept well under control in general, although the linseed and sunflower crops in Santa Fé have suffered somewhat. Early this month a serious shortage of bags for sacking the present crop in Córdoba was reported and this, plus a shortage of gasoline, is said to have retarded harvesting in that province. Mr. Miguel Miranda, President of the National Economic Council, has stated that all oleaginous seeds produced here shall be processed in Argentina. In this connection no linseed has been exported this year and only about 37,500 tons last year. Official statistics show that in the first nine months this year 537,249 tons of edible oil seeds were processed here, yielding 168,741 tons of edible oils, of which 94 % came from sunflowerseed, peanuts and cottonseed in the proportions of 75 %, 13 % and 6 % respectively; 655,249 tons of non-edible oil seeds produced 201,908 tons of non-edible oils of which 200,959 tons were obtained from linseed. Negotiations have been concluded to supply Brazil with 500,000 tons of wheat at m\$n 60.00 per 100 kilos. The first 100,000 tons have already been exported and it is believed that the greater part of the balance will be

shipped from the Port of Rosario. Argentina will receive iron, lumber and textiles, and all monetary transactions connected with this agreement will reportedly be effected in dollars. Private sources state that an agreement is about to be concluded by which Holland will construct 30 ships (including passenger liners and tankers) over five years, in return for five yearly quotas of 50,000 tons of cereals, 35,000 tons of linseed oil and oil seed cake, 12,000 tons of hides, and 5,000 tons of wool. Under another agreement being negotiated with Venezuela, Argentina would receive 1,500,000 tons of crude petroleum annually for five years, in return for cereals, meat and other Argentine products. Portugal is said to be negotiating the purchase of wheat. Since our previous issue 850,397 tons of grain have been exported, maintaining the recent spurt in grain shipments, of which total 161,904 tons were wheat destined chiefly to Spain, Italy, Portugal, the United Kingdom and Brazil; 524,492 tons were corn shipped principally to the United Kingdom, India, Belgium, Eire, the Netherlands, Spain, Italy and France; and 164,001 tons were other grains including barley, rye and oats, sent to the United Kingdom, India, Belgium, the Netherlands and Switzerland. The Government commenced purchasing the new crops on December 22nd through its monopoly, A.T.P.I. The official prices for barley and linseed are the same as last season, namely m\$n 13.50 and m\$n 30.00 per 100 kilos respectively. The Government's new prices for wheat (m\$n 20.00 per 100 kilos up to July 31, 1948 and m\$n 18.00 thereafter), rye (m\$n 17.50 per 100 kilos) and oats (m\$n 16.00 per 100 kilos) do not apply to purchases from land owners who receive grain in payment for rent. Such sellers will be paid last year's prices of m\$n 17.00 for wheat, m\$n 14.50 for rye and m\$n 13.50 for oats per 100 kilos.

It is reported today that the packers have been instructed to suspend meat shipments to Great Britain as from January 7, 1948. **Cattle** No official confirmation of this action **Sheep** had been given to the press but it is believed that it has to do with the **Hogs.** sterling inconvertibility problem. Pastures in the main livestock areas have deteriorated considerably this month and in some districts farmers are disposing of their animals hurriedly. The condition of cattle is considered only fair generally. Offerings in the market continue to be very large and on the average are 45 % above those in recent years. This unusual supply has forced the price level down by about 10 % during the past week and many classes are selling at the lowest levels

* m\$n, sign. for "moneda nacional" or paper currency. At par one paper peso equalled \$0.4245 U. S. gold at former gold parity of the dollar; present exchange value of the peso at the official buying rate is \$0.2978. There are various selling rates ranging from \$0.2680 to \$0.20 in U. S. currency.

** All weights unless otherwise specified are given in metric tons of 2,204.62 lbs. avoidupois

in nine months. SHEEP offerings remain seasonally large and are well taken up generally because of strong packer demand. Prices for some classes of animals were weak during the first ten days of the month but a firm tendency in the past fortnight has brought the general level back into line with those of a month ago. HOG offerings in the market continue small with prices very firm. On December 8th a record price of m\$n 1.57 per kilo live weight was paid for hogs and since then top quality lots have been selling slightly under that peak.

The wool market continues very firm. Good prices have held for all grades with merino and coarse crossbreds up about 5 % over Wool. last month. The United States has figured as an important purchaser of fine wools but interest for coarse wools on the part of carpet manufacturers has fallen off sharply. Buying for European account has been generally steady with France continuing to be the principal buyer of fine and medium crossbreds although on a lesser scale than last month. Roumania through its newly arrived purchasing commission has already made some small acquisitions of fine wools. The local industry is buying merino wools actively at slightly higher prices than foreign purchasers and in a recent sale reportedly paid a record price of m\$n 41.00 per ten kilos for a "Camaronas" lot.

Heavy purchasing early this month by the United States as well as France and Yugoslavia, has substantially reduced the hide stocks under A. T. P. I. control. The statistical position of the market is now very strong and according to an announcement by Mr. Miguel Miranda, President of the National Economic Council, no purchasing offers will be considered until next March since hide stocks have been reduced to the point where there is no longer an exportable surplus. The trade is inclined to discount this statement somewhat and indications are that the A. T. P. I. continues to dispose of small lots at very high prices. United States buyers at present are out of the market, but the trade believes that A. T. P. I. will be able to maintain its present favorable position, particularly in view of the sustained strong European demand. Official Roumanian and Dutch missions, at present in Buenos Aires, are said to be negotiating the purchase of sizeable quantities of hides. Current A. T. P. I.

prices for the various hide selections show advances of more than 5 % over those of a month ago and are the highest in more than 25 years.

In the free exchange market the dollar buying rate showed a further decline to 401 *** at today's close which compares with Exchange. 402 at the time of our previous writing. Rates in the official market remain unchanged as follows:

Buying	Dollars	Pound
For basic exports	335.82	13.52
Non basis exports	398.01	16.03
Selling	Dollars	Pound
Ordinary	422.89	17.03
Preferred	373.13	15.02

The Buenos Aires Stock Exchange turnover for the month of November rose to m\$n 282,689,000 from m\$n 271,180,000 in Bonds. the previous month. Trading in bonds this month has been more active than previously and prices on the whole have remained steady. City of Buenos Aires Municipal 3 ½ % issues dropped ½ point to m\$n 90.95 on the 26th, the lowest quotation since the conversion in December, 1946. Province of Buenos Aires 3 ½'s dropped ¼ point to m\$n 90.77 today which is a new low also since the December conversion. The share market continues dull with prices generally showing only minor changes from a month ago. The high, low and present net quotations in December for the principal bonds compared with prices at the time of our previous writing are as follows:

NET AVERAGE PRICES	Nov. 24	High	December Low	Present
Various Issues				
National Bonds 3% 1946/2000	92.03	92.05	91.98	92.02
Buenos Aires City 3 ½ %	91.32	91.38	90.95	90.97
Province of Buenos Aires 3 ½ % ...	91.26	91.15	90.77	90.77

*We extend to our readers cordial
wishes for a successful New Year.*

THE FIRST NATIONAL BANK OF BOSTON
Buenos Aires Branch

*** Exchange is quoted at so many paper pesos per 100 foreign units except sterling which is given in so many pesos to the pound.

BANKING AND BUSINESS MOVEMENTS

Approved For Release 2002/07/29 : CIA-RDP80-00926A000200010007-3

FOREIGN TRADE

EXPORTS (000 omitted)						IMPORTS (000 omitted)							
	Beef, mutton and products	Grains and products	Forest Products	Miscellaneous	TOTAL	Textiles and products	Iron and products	Food and related products	Fuel and lubricants	Lumber and products	Machines and Vehicles	Miscellaneous	TOTAL
	Quantity					Quantity							
First 9 Months 1946 Tons	1,049	4,763	189	232	6,233	51	347	149	3,106	429	85	1,748	5,915
First 9 Months 1947 Tons	1,052	4,338	155	137	5,682	59	655	151	3,582	553	268	2,560	7,828
	Value					Value							
First 9 Months 1946 m\$n.	1,201,000	1,098,000	63,000	341,000	2,703,000	198,000	201,000	107,000	196,000	127,000	197,000	560,000	1,586,000
First 9 Months 1947 m\$n.	1,404,000	1,997,000	77,000	172,000	3,650,000	588,000	477,000	138,000	266,000	217,000	804,000	1,074,000	3,564,000

MARKET PRICES (1926 MONTHLY AVE. = 100)

MONTH	Wheat	Maize	Linseed	Farm Export Steers	Weihers	Lambs	Salt hides	Dry hides	Quebracho Extract	WHOLESALE PRICE INDICES (1926=100)		Estimated Exportable Surpluses (First of Each Month)		
										82 Prod. not incl. Agric.	23 Agric. Prod.	Wheat	Maize	Linseed
												Thou. Tons	Thou. Tons	Thou. Tons
1946														
September	154 b	298	224 b	139	95	149	218	247	215	250.6	198.6	334	631	—
October	154 b	303	224 b	172	95	149	272	257	215	253.9	195.4	243	339	—
November	154 b	266	224 b	175	81	130	280	275	215	255.2	188.2	198	205	—
December	143 b	274	208 b	171	81	133	254	261	215	256.4	180.9	2,100	30	—
1947														
January	131 b	223	192 b	175	87	157	—	—	241	258.5	179.7	2,040	—	—
February	131 b	205	192 b	172	78	143	327	—	267	264.3	172.0	1,935	—	—
March	131 b	193	192 b	172	98	155	303	308 x	267	265.6	163.6	1,805	—	—
April	131 b	191	192 b	171	101	154	327	302 x	267	268.4	163.7	1,670	2,165	—
May	131 b	154 b	192 b	171	99	153	303	308 x	267	270.1	166.4	1,461	2,040	—
June	131 b	154 b	192 b	171	95	145	285	308 x	274	270.8	166.0	1,190	1,970	—
July	131 b	154 b	192 b	171	112	168	278	299 x	296	272.7	166.3	875 z	1,920 z	—
August	131 b	154 b	192 b	174	115	153	278	289 x	296	276.6	167.0	633 z	1,837 z	—
September	131 b	154 b	192 b	176	104	141	278	287 x	296	278.8	167.4	481 z	1,716 z	—
October	131 b	154 b	192 b	176	87	119	267	289 x	296	278.8	168.2	253 z	1,504 z	—
November	131 b	154 b	192 b	175	83	121	276	289	296	a	a	98 z	1,247 z	—
December	—	—	—	—	—	—	—	—	—	—	—	—	871 z	—
December 29th	—	—	—	—	—	—	—	—	—	—	—	—	221 z	—

b) Based on official minimum prices paid to producers

a) Not published

x) Revised

z) Provisional.

FINANCE

YEAR AND MONTH	BUENOS AIRES BANKS AND BRANCHES (Not including Central Bank)				Clearings	CENTRAL BANK OF THE ARGENTINE REPUBLIC							
	Cash and Due from Banks	Loans	Deposits	Capital		Gold in Vaults a	Exchange and Gold Abroad	Redis- counts	National Bonds	Currency in Circulation	Deposits b	Reserve against Currency	Combined Re- serve (Legal Min. 33 %)
	m\$ millions	m\$ millions	m\$ millions	m\$ millions		m\$ millions	m\$ millions	m\$ millions	m\$ millions	m\$ millions	m\$ millions	%	%
Dec. 31st. 1936	842	2.231	3.542	380	2,931 *	1,224	303	—	19	1,302	552	139.7	92.8
" " 1937	706	2.701	4.030	421	3,466 *	1,354	68	—	111	1,359	485	123.7	86.9
" " 1938	623	2.948	3.932	415	3,182 *	1,224	1 c	—	124	1,328	431	115.9	83.6
" " 1939	760	3.137	4.059	415	3,393 *	1,224	171 c	—	327	1,401	610	117.2	77.5
" " 1940	751	3.145	4.121	422	3,423 *	1,071	258 c	11	320	1,413	546	108.6	75.0
" " 1941	889	3.655	4.762	433	4,029 *	1,075	467 c	—	423	1,583	644	111.7	75.8
" " 1942	1,114	3.885	5.514	436	4,616 *	1,076	1,021 c	—	439	1,850	933	123.5	78.5
" " 1943	1,564	3.073	6.221	445	5,014 *	1,091	2,109 c	—	442	2,132	1,624	165.3	87.5
" " 1944	1,910	3.686	7.470	449	5,737 *	1,242	2,586 c	—	755	2,624	2,059	158.9	83.6
" " 1945	2,340	3.943	8.554	448	6,068 *	1,223	3,451 c	—	699	3,120	2,337	161.0	86.8
" " 1946	868	6.091	10.661	538	8,286 *	1,711	4,096 c	3,719	907	4,065	960	138.9	111.8
November 1946	1,089 e	5,541 e	10,720 e	530 e	8,841	1,465	4,221	3,189	859	3,716	1,063	148.9	113.2
July 1947	1,190 e	9,048 e	11,533 e	544 e	11,262	1,893	2,356 c	6,166	958	4,404	1,498	95.4	72.6
August 1947	1,081 e	9,217 e	11,573 e	549 e	10,348	1,502	2,573 c	6,705	952	4,526	1,855	87.5	63.1
September 1947	1,222 e	9,474 e	11,694 e	549 e	11,439	1,125	2,695 c	7,474	953	4,657	2,086	81.1	57.0
October 1947	1,144 e	9,946 e	11,804 e	550 e	11,638	948	2,685 c	7,565	947	4,744	2,135	73.3	51.4
November 1947	—	—	—	—	11,000	675	2,922 c	7,922	947 d	4,837	2,402	69.5	47.1

* Monthly averages. a) On basis of gold content after revaluation in June, 1935. b) Not including deposits with other banks for account of Central Bank. c) Also includes gold in country to account of foreign exchange fund. d) All but m\$n 250 millions of these bonds are used for open market operations, to control monetary circulation. e) Previously figures given included only banks holding shares of the Central Bank. Present figures comprise all Argentine banks.

MISCELLANEOUS

YEAR AND MONTH			Stock Exchange Turnover	Ave. Net Price Govt. Bonds *	Retail Sales 1939=100 **	Dollar Exchange Ave. Selling Rates ***		Liabilities Failures	Railroad Gross Earnings	Import Customs Receipts	INDUSTRIAL PRODUCTION							
												Number of workers employed 1937 = 100						
			m\$N (000)	% par		free	official	m\$N (000)	m\$N (000)	m\$N (000)	Food Products	Textiles	Machinery & Vehicles	Metal Products	Construction Materials	Leather Manufacturing	Chemical	General Index
1937	Mo.	Ave.	115,071	100.22	—	333.06	323.48	6,005	43,710	28,519								
1938	"	"	74,162	100.26	—	391.96	330.62	5,728	38,526	26,698								
1939	"	"	85,827	100.69	100.0	433.14	383.28	6,141	40,899	22,503								
1940	"	"	97,055	100.22	103.2	436.90	422.89	7,737	37,689	19,238								
1941	"	"	140,962	100.75	108.7	423.57	422.89	4,817	42,559	15,180								
1942	"	"	131,137	94.36	126.8	423.31	422.89	4,521	47,628	13,370								
1943	"	"	179,637	94.23	131.7	408.10	422.89	4,286	52,512	8,282								
1944	"	"	236,356	96.86	150.5	402.28	422.89	3,521	61,940	7,386								
1945	"	"	244,352	95.36	166.8	403.48	422.89	5,013	67,627	8,823								
1946	"	"	330,537	95.37	209.0	408.66	422.89	3,134	68,987	19,040								
November 1946			340,468	95.54	248.9	409.48	422.89	1,878	66,733	21,217								
July 1947			401,917	94.54	263.1	408.38	422.89	5,129	—	46,535								
August 1947			271,182	94.49	300.1	406.15	422.89	1,497	—	40,852								
September 1947			208,516	94.39	220.0	404.84	422.89	1,799	—	49,593								
October 1947			219,186	94.99	222.0	403.52	422.89	2,402	—	59,587								
November 1947			282,689	92.02	—	403.00	422.89	3,583	—	—								

* 5 % interest through October 1941, 4 % from Nov. 1941 to July 1946 and 3 % thereafter. ** Principal retailers City of Buenos Aires. *** m\$n per 100 dollars: Exchange Control established October, 1931: Free Market in November, 1933.